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Community Health Assets Project

Sample Foundation Conflict of Interest Statements

California HealthCare Foundation

Maine Health Access Foundation

Foundation for a Healthy Kentucky

CHAP Model Foundation By-laws

Conflict of Interest

California HealthCare Foundation (www.chcf.org)

By-laws, Article V, Section 5

Prohibited Transactions. The Corporation shall not engage, directly or indirectly, in any "prohibited transaction," which, for the purposes of this paragraph, shall mean any transaction in which the Corporation:

(a) Lends any part of its income or corpus or otherwise extends credit, without the receipt of adequate security and a reasonable rate of interest, to;

(b) Pays any compensation, in excess of a reasonable allowance for salaries or other compensation for personal services actually rendered, to;

(c) Makes any part of its assets or services available on a preferential basis, or for less than adequate consideration, to;

(d) Makes any purchase, lease or exchange of securities or any other property, for more than adequate consideration, from;

(e) Sells, leases or exchanges any part of its securities or any other property, for less than an adequate consideration, to; or

(f) Engages in any other transaction which results in a material diversion of its income or corpus, to;

a director or officer of the Corporation;

a person or corporation who or which has made a substantial contribution to the Corporation;

an owner of more than 20% of the total combined voting power of a corporation which is a substantial contributor to the Corporation;

a member of the family of any of the foregoing;

or a corporation or partnership controlled by the foregoing persons or corporations through the ownership, directly or indirectly, of 35 percent or more of the total combined voting power of all classes of stock entitled to vote or 35 percent or more of the total value of shares of all classes of stock of the corporation, or in the case of a partnership, 35 percent of the profits interest in the partnership.

Conflict of Interest

Maine Health Access Foundation (www.mehaf.org)

By-laws, Article XIII

Section 13.1. Statement of Potential Conflicts. Prior to taking his or her position on the Board of Trustees, and annually thereafter, each Trustee shall submit in writing to the President of the Board of Trustees a list of all businesses and other organizations of which he or she is an officer, Trustee, trustee, member, owner (either as a sole proprietor or a partner), a shareholder, employee or agent with which the Corporation has, or might be expected to have, a relationship or a transaction in which the Trustee might have a conflicting interest. Each written statement will be resubmitted annually with any necessary changes. The President and the Board of Trustees shall become familiar with the statements of all Trustees in order to guide the conduct of the Board of Trustees should such a conflict arise.

Section 13.2. Conduct of Meetings of the Board of Trustees When a Conflict Exists. At such time as any matter comes before the Board of Trustees which involves or may involve a conflict of interest, the affected Trustee shall make known the potential conflict, whether disclosed by his or her written statement or not. Such Trustee shall answer any questions that might be asked of him or her and shall disclose all material facts. Such Trustee shall withdraw from the meeting for so long as the matter shall continue under discussion.

Section 13.3. Effect of Conflict. The Trustees of the Corporation may be interested, directly or indirectly, in any contract, transaction or act relating to or incidental to the operations conducted by the Corporation, and may freely make contracts, enter into transactions, or otherwise act for or on behalf of the Corporation in such matters; provided that (i) the direct or indirect interest of the Trustee in the proposed contract, transaction or act shall first be disclosed to and approved by the Board of Trustees, (ii) any Trustee directly or indirectly interested in the contract, transaction or act shall refrain from voting on the matter, and (iii) no contract, transaction or act shall be entered into or taken on behalf of the Corporation if such contract, transaction or act would jeopardize the Corporation's tax-exempt status under § 501(c)(3) of the Code.

Section 13.4. No Grant-Making Conflicts. Pursuant to the requirements of 5 M.R.S.A. § 194-A(5)(B)(7), the Corporation must have in place procedures and policies to prohibit conflicts of interest in grant-making activities that may benefit a converted stock insurer, its affiliates, any person who owns or controls any ownership interest in either a converted stock insurer or its affiliates and any directors or officers of a converted stock insurer or its affiliates. The Converted Stock Insurer, as defined in the Modified Charitable Trust Plan dated December 27, 1999, and its affiliates may participate in any competitive bid or proposal process to the same extent as any other applicant or participant.

Conflict of Interest

Foundation for a Healthy Kentucky (www.healthyky.org)

Articles of Incorporation, Article VIII -- Contracts or Transaction of Business with Directors

No pecuniary profit shall be received by any Director from the operations of the Corporation by reason of his or her status as a Director. Any contract or transaction of business between the Corporation and one or more of its Directors, or with any corporation or association in which any of its Directors is a stockholder, director, officer or employee, shall not be invalidated or affected solely by the fact that such Director or Directors have or may have interests therein which are or might be adverse to the interests of the Corporation; provided, however, a Director having an interest adverse to that of the Corporation shall disclose such interest to the Board of Directors and shall otherwise comply with any conflict of interest and code of ethics policies contained in the Bylaws or otherwise adopted by the Board of Directors. The Corporation shall be prohibited from making loans to any of its Directors or officers.

Bylaws, Article XI – Conflicts of Interest

In addition to the restrictions contained in Article VIII of the Articles of Incorporation, the Board of Directors shall adopt a code of ethics, including a conflict of interest policy, that shall govern the affairs of the Corporation. At a minimum, the conflict of interest policy, and this Bylaw, shall require members of the Board of Directors to disclose any conflict of interest they have in connection with any matter to be voted on by the Board of Directors. While a Director may respond to questions of the Board of Directors, or members thereof, regarding any matter with respect to which he or she has a conflict of interest, he or she shall recuse himself or herself from the Board of Directors meeting and not be present during the Board debate and voting with respect to such matter. Similar restrictions shall apply to the Community Advisory Committee and to any committee established under Bylaw V hereof.

Conflict of Interest

CHAP Model Foundation By-laws (The document from which this is excerpted can be found at www.communitycatalyst.org and www.consumersunion.org/conv)

By-laws, Article III

Qualifications of Directors. It is the intent of these By-laws that the Board of Directors be broadly representative of the community that is served by this corporation, and that the Board be composed of individuals who reflect the diversity and the full range of health-related issues and interests in the community and include an understanding of the communities and individuals intended to benefit from the corporation's activities. Directors shall be selected in order to fulfill the foregoing intent. No individual who is currently a director, officer, employee, or agent of [*Name of for-profit company*] shall be eligible for service on this Board. No individual who is currently, or has been within the last five years, a director, officer, employee, or agent of [*Name of nonprofit company*] shall be eligible for service on this Board.

By-laws, Article IX

Section 1. Adoption and Annual Review. The Board shall adopt a written conflict of interest policy, which it shall review and publish annually.

Section 2. Definition A duality of interest, conflict of interest, or the appearance of a conflict of interest may exist when a member of the Board, or of any Committee, has a direct or indirect interest in another entity and that entity enters into a transaction with the corporation. Direct or indirect interest includes any legal, equitable or fiduciary interest or position in an entity by a member of the Board or of any Committee, or a member of that person's family. A transaction includes, but is not limited to, the award of grants.

Section 3. Disclosure. Any duality of interest or possible conflict of interest on the part of any member of the Board of Directors, or any member of any Committee shall be disclosed and made a matter of record at the time of election to the Board or appointment to any Committee and maintained through an annual procedure and at the time the interest becomes a matter of Board or Committee action.

Section 4. Participation. No member of the Board, or member of any Committee having a duality of interest or possible conflict of interest in any matter shall be counted in determining the quorum for the meeting. No such member of the Board or a Committee shall be present when the matter is being discussed or voted on. No such member shall use personal influence to determine a decision on the matter.

Section 5. Records. The minutes of the meeting shall reflect that the disclosure was made, that the Board or Committee member abstained and was not present during the discussion and vote, and that a quorum existed not counting such member.

Section 6. Information on Request. The foregoing shall not be construed as preventing such member of the Board or of a Committee, if requested by other members, from briefly stating a position on the matter, nor from answering pertinent questions of other Board or Committee members.